

Out of these difficulties Italy was lifted within a few years by the constructive ability of her leading statesmen and the recuperative energy of her people. Already, before the outbreak of the bank scandals of 1893, Signor Rudini, the Premier of the day, had urged the adoption of rigid economies in all branches of the public administration and had deplored the "multiplied and gigantic projects, out of proportion to her powers," which had been saddled upon the budget of the kingdom.¹ The first efforts at reform were counteracted by the cost of the expedition to Erythrea, which failed so disastrously in 1896; but with the advent of Signor Luzzatti to the head of the finances a surplus of 9,000,000 liras took the place in 1898 of the recurring deficits which had so complicated the relations of the Treasury with the banks. Reciprocity with France, abandoned in 1887 with disastrous results to Italian exports, was reestablished November 21, 1898, and was followed by an increase in total exports from 1,091,000,000 liras (\$210,000,000) in 1897 to 1,472,000,000 liras (\$284,000,000) in 1902.² Remittances to meet the interest on the national debt held abroad were reduced for several years by the drastic process of the return of the debt to Italy, until interest payments abroad fell from 192,000,000 liras in 1893 to 105,000,000 liras in 1897.³

But these measures of rectification began to produce results. From 1891 to 1902 public revenue advanced by 203,400,000 liras, while expenditures advanced only by 62,560,000 liras, and the total surplus of the budgets for five years ending with 1902 was 212,300,000 liras (\$41,000,000).⁴ Exchange on Paris, which reached a maximum in 1894 of 115.70, fell to a minimum in 1901 of 101.50, and in August, 1902, it was hailed as a notable event that the premium was only 8a

¹ Fochier, in *Questions Monetaires Contemporaines*, 454.

²The denunciation of the treaty with France was due partly to political motives and was accompanied by withdrawals of French capital from Italian investments.—Brouet, 14.

³Vide the author's *Principles of Money and Banking*, II., 346.

⁴Tliery, *Situation J&conomique et Financiere de l'Italie*, 82.